REMARKS

Applicant is requesting continued examination under 37 CFR 1.114(a).

In the recent Action, of pending claims 1, 6-7, 9-20, 27-31, the Office rejected claims 1, 6-7, 9-20 and withdrew claims 27-31 as being directed to a non-elected invention.

In this response, Applicant amends claim 1 and cancels claims 6, 27-31. Claims 1, 7, 9-20 remain.

Response to Election/Restriction

Applicant cancels claims 27-31 which were withdrawn from consideration by the Office.

Response to Claim Rejections — 35 USC 112, 1st Paragraph

Claims 1, 7, 9-20 were rejected under 35 USC 112, first paragraph, as failing to comply with the enablement requirement. The Office has stated that claim 6 satisfies the enablement requirement. Following the suggestion of the Examiner, the Applicant responds by incorporating into claim 1 all the limitations of claim 6. Claim 6 is accordingly cancelled. Accordingly, the claims as amended now overcome this rejection.

Response to Claim Rejections — 35 USC 112, 2nd Paragraph

Claims 1, 6-7, 9-20 were rejected under 35 USC 112, second paragraph, as being indefinite. Specifically, the Office states that claim 1 is indefinite because it is unclear how to identify the marketed asset that is most correlated with the non-marketed variable.

Claim 1 is amended so that it no longer recites a step of determining a market representative that includes a marketed asset that is most correlated with the non-marketed variable. The

identification or determination of the most correlated marketed asset, therefore, is not a step of the claimed method.

Although the claimed method makes reference to the most correlated marketed asset, Applicant submits that a person of ordinary skill in the art would clearly understand the meaning of a most correlated market asset. People skilled in the art of financial investments (i.e., financial analysts) routinely know what securities might be appropriately selected as market assets most correlated with a given non-marketed variable. For example, in the case where the non-marketed variable is the value of an oil venture, analysts would readily recognize several obvious candidates for the most correlated market assets, e.g., oil futures and stock prices of oil companies. Using standard techniques, the analyst would use correlations among these marketed assets to find the combination of such assets that is most correlated with the non-marketed variable. Analysts normally know what traded assets are important to consider when evaluating a non-marketed asset and know how to quantify the correlations. Accordingly, the meaning of a most correlated market asset as recited in the claim would be clear to anyone of ordinary skill in the art.

Response to Claim Rejections — 35 USC 102

Claims 1, 6-7, and 9-20 were rejected under 35 USC 102 as being anticipated by the standard Black-Scholes equation. Applicant responds by noting that the claims as amended exclude the case of a computer solving the standard Black-Scholes equation. The claims recite that the computer solves an equation that includes a coefficient involving the information associated with the non-marketed variable x_e and the market representative x_m. The claims go on to recite specifically that that coefficient takes the form $\mu_e - \beta_{em} (\mu_m - r)$. In contrast, a method in which a computer solves the *standard* Black-Scholes equation would *not* be solving an equation involving information associated with the non-marketed variable x_e and the market representative x_m. Moreover, a method in which a computer solves the *standard* Black-Scholes equation would be solving an equation involving a coefficient of the form r, rather than an equation involving a coefficient of the form $\mu_e - \beta_{em} (\mu_m - r)$. Thus, the claims as amended exclude the case of a computer solving the *standard* Black-Scholes equation, as that equation is explicitly excluded by the claim language.

Conclusion

Applicant hereby submits a bona fide attempt to address the rejections in the Office Action and provide arguments why the present claims are patentable over the cited references. The Examiner is invited to telephone the undersigned at 650-424-0100 for clarification or any suggested actions such as an Examiner's Amendment to advance the prosecution of the present application. Applicant kindly requests that a timely Notice of Allowance be issued in this case.

Respectfully submitted,

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